

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 00428 131501Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 USIE-00 NSCE-00

CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 AID-05 EB-07 CIEP-01

TRSE-00 STR-01 OMB-01 CEA-01 COME-00 FRB-01 XMB-02

OPIC-03 LAB-04 SIL-01 IO-10 /088 W  
----- 010519

R 131405Z JAN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8958

INFO USMISSION EC BRUSSELS

AMCONSUL MILAN

AMCONSUL NAPLES

USMISSION OECD PARIS

LIMITED OFFICIAL USE ROME 428

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: INDUSTRIAL PRODUCTION AND BALANCE OF PAYMENTS DEFICIT  
BOTH DECLINE IN NOVEMBER

REF: (A) ROME 17184; (B) ROME 17823

1. SUMMARY. ITALIAN INDUSTRIAL PRODUCTION IN NOVEMBER FELL BY 11.9 PERCENT FROM NOVEMBER 1973 LEVEL. FOR FIRST ELEVEN MONTHS OF 1974 INDUSTRIAL PRODUCTION INDEX ROSE BY 5.5 PERCENT OVER SAME PERIOD 1973. 1974 BALANCE OF PAYMENTS DEFICIT THROUGH NOVEMBER WAS \$7,460 MILLION. END SUMMARY.

2. INDUSTRIAL PRODUCTION IN NOVEMBER DROPPED SHARPLY COMPARED TO SAME MONTH OF 1973, WITH INDEX DOWN 11.9 PERCENT. THIS COMPARES WITH PREVIOUS THREE MONTHS CHANGES OF -4.7 PERCENT, PLUS 2.6 PERCENT, AND -4.5 PERCENT. FOR  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 00428 131501Z

FIRST ELEVEN MONTHS OF 1974 INDUSTRIAL PRODUCTION INDEX

ROSE 5.5 PERCENT ABOVE SAME PERIOD OF 1973. (NOTE THAT INDUSTRIAL PRODUCTION INDEX SERIES HAS AGAIN BEEN REVISED FOR EACH MONTH OF 1973 AND 1974.) DROP IN INDUSTRIAL PRODUCTION IN NOVEMBER IS NOT UNEXPECTED IN VIEW OF VARIOUS REPORTS OF SLOWDOWN IN ECONOMIC ACTIVITY, BUT SIZE OF DROP IS BIGGER THAN MIGHT HAVE BEEN EXPECTED. PATTERN SEEMS TO INDICATE RATHER SHARP DOWNTURN IN INDUSTRIAL PRODUCTION WHICH, HOWEVER, MAY BE EXAGGERATED SOMEWHAT BY REDUCTION IN INVENTORIES. DECEMBER INDEX WILL LIKELY ALSO BE DOWN FROM DECEMBER 1973.

3. BALANCE OF PAYMENTS DEFICIT IN NOVEMBER WAS \$459 MILLION AND CUMULATIVE DEFICIT (ADJUSTED TO SHIFT EUROMARKET BORROWINGS FROM CAPITAL ACCOUNT TO FINANCING OF DEFICIT) WAS \$7,460. DURING FIRST TWO WEEKS OF DECEMBER THERE WAS SURPLUS OF \$60 MILLION, REDUCING CUMULATIVE DEFICIT TO \$7,400 MILLION AT MID-DECEMBER (SEE REF B). NO DATA AVAILABLE YET FOR SECOND HALF DECEMBER BUT BALANCE OF PAYMENTS WAS EVIDENTLY IN ROUGH BALANCE.

4. FOLLOWING TABLES GIVE BALANCE OF PAYMENTS DATA FOR NOVEMBER AND FOR ELEVEN MONTHS OF 1974. ALL FIGURES CITED ARE IN MILLIONS OF DOLLARS. TRADE FIGURES ARE ON CUSTOMS BASIS WITH ROUGH 6 PERCENT ADJUSTMENT TO CONVERT IMPORTS FROM C.I.F. TO F.O.B. BASIS. DIFFERENCE BETWEEN SHIPMENTS/ARRIVALS AND RECEIPTS/PAYMENTS FOR MERCHANDISE APPEARS AS "COMMERCIAL CREDIT." ALL OTHER FIGURES ARE ON PAYMENTS BASIS. CAPITAL ACCOUNT DOES NOT INCLUDE EUROMARKET TERM LOANS WHICH ARE TREATED AS MONETARY MOVEMENTS RATHER THAN CAPITAL FLOWS.

5. TABLE 1 - BALANCE OF PAYMENTS

NOVEMBER CUMULATIVE 11 MONTHS

|                   |        |          |
|-------------------|--------|----------|
| EXPORTS (F.O.B.)  | 2,538  | 27,114   |
| IMPORTS (F.O.B.)  | 2,910  | 34,938   |
| TRADE BALANCE     | -372   | -7,824   |
| (OIL DEFICIT)     | (-557) | (-6,598) |
| (NON-OIL DEFICIT) | (185)  | (-1,226) |

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ROME 00428 131501Z

|                        |      |        |
|------------------------|------|--------|
| SERVICES               | -258 | -1,300 |
| CURRENT ACCOUNT        | -630 | -9,124 |
| COMMERCIAL CREDIT      | -152 | 749    |
| OTHER CAPITAL          | 290  | 656    |
| (EXCLUDING EUROMARKET) |      |        |
| CAPITAL ACCOUNT        | 138  | 1,405  |
| ADJUSTMENTS            | 33   | 259    |
| DEFICIT (ADJUSTED)     | -459 | -7,460 |

6. TABLE 2 - FINANCING OF DEFICIT

NOVEMBER 11 MONTHS

OFFICIAL

|                          |     |       |
|--------------------------|-----|-------|
| GOLD/FX(- MEANS INCREASE | 521 | -532  |
| OTHER OFFICIAL           | 32  | 258   |
| IMF STANDBY              | -   | 845   |
| IMF OIL FACILITY         | -   | 317   |
| EC SHORT-TERM CREDIT     | -   | 1,885 |
| GERMAN GOLD LOAN         | -   | 2,000 |
| EUROMARKET (NET)         | -   | 2,120 |
| COMMERCIAL BANKS         | -94 | 567   |

|       |     |       |
|-------|-----|-------|
| TOTAL | 459 | 7,460 |
| VOLPE |     |       |

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BALANCE OF PAYMENTS, TRADE DATA, DEBTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ROME00428  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750012-0714  
**From:** ROME  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750157/aaaabxsf.tel  
**Line Count:** 132  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 ROME 17184, 75 ROME 17823  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 APR 2003 by MartinML>; APPROVED <17 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDUSTRIAL PRODUCTION AND BALANCE OF PAYMENTS DEFICIT BOTH DECLINE IN NOVEMBER  
**TAGS:** EFIN, IT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006